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FISCAL NOTE

Drafting Number: LLS 20-1069	Date: May 27, 2020
Prime Sponsors: Rep. Roberts; Catlin Sen. Donovan	Bill Status: House Rural Affairs
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Bill Topic: CO WATER CONSERVATION BD CONSTRUCTION FUND PROJECT

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill appropriates funds from the Colorado Water Conservation Board Construction Fund in the Department of Natural Resources for specified water-related projects in FY 2020-21, and makes transfers between water-related cash funds.

Appropriation Summary: The bill reduces appropriations in the Department of Natural Resources by \$0.9 million in the current FY 2019-20, and increases appropriations by \$26.0 million in FY 2020-21.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 1403Bill**

		FY 2019-20	FY 2020-21	FY 2021-22
Revenue		-	-	-
Expenditures	General Fund	(\$866,742)	-	-
	Cash Funds	-	\$26,030,000	(\$150,000)
	Total	(\$866,742)	\$26,030,000	(\$150,000)
Transfers	Perpetual Base Fund	-	(\$10,000,000)	-
	CWCB Construction Fund	-	\$7,000,000	-
	Other Cash Funds	-	\$3,000,000	-
	Total	-	\$0	-
TABOR Refund		-	-	-

Summary of Legislation

The bill appropriates funds from the Colorado Water Conservation Board (CWCB) Construction Fund in the Department of Natural Resources (DNR) to the CWCB and the Division of Water Resources for specified water-related projects. In addition, the bill transfers money between water-related cash funds. The bill also does the following:

- reduces and extends an existing General Fund appropriation for the development of a Colorado River demand management program;
- extends the repeal date of the Water Efficiency Grant Program from July 1, 2020, to July 1, 2030;
- eliminates annual funding for the Water Education Foundation; and
- allows the CWCB board to recommend funding for treated water distribution systems.

In addition, the bill authorizes the CWCB to make \$130.5 million in loans from the Severance Tax Perpetual Base Fund as follows:

- \$23,230,000 to the Pueblo Conservancy District to repair levees within the city;
- \$90,000,000 to the Southeastern Colorado Water Conservancy District for cost-share funding for the Frying Pan-Arkansas Project; and
- \$17,250,800 to the Tunnel Water Company to rehabilitate the Laramie-Poudre tunnel. The CWCB may also make this loan from the CWCB Construction Fund.

State Revenue

Revenue will be generated from the interest on water project loans authorized by the bill. This amount will depend on the terms of the loans and cannot be determined at this time.

State Transfers

For FY 2020-21, the bill transfers \$10.0 million from the Severance Tax Perpetual Base Fund to the CWCB Construction Fund. In addition, the bill transfers up to \$3.0 million from the CWCB Construction Fund as follows:

- \$1.0 million to the Fish and Wildlife Resources Fund; and
- an amount sufficient to restore the Litigation Fund balance to \$2.0 million.

State Expenditures

The bill modifies state expenditures as follows:

- reduces by \$866,742 an existing General Fund appropriation for development of a Colorado River demand management program in the CWCB, and extends that appropriation from FY 2019-20 to FY 2020-21;
- eliminates \$150,000 of annual funding from the CWCB Construction Fund to Water Education Colorado beginning in FY 2020-21; and
- appropriates \$26.2 million in FY 2020-21 for water-related projects paid from the CWCB Construction Fund. The funds are continuously appropriated and remain available for the designated purposes until fully expended. Affected projects are listed in Table 2.

Table 2
FY 2020-21 Appropriations for Water-Related Projects in HB 20-1403

Projects	FY 2020-21
Satellite monitoring system maintenance - to renovate existing gauging stations; replace outdated collection platforms; upgrade transmission components; fund stream gauge flood hardening projects; and fund flood-related data collection efforts.	\$380,000
Colorado Floodplain Map Modernization Program - to continue assistance to communities to revise and improve floodplain studies and maps.	\$500,000
Weather Modification Permitting Program - to assist water conservation and conservancy districts and water providers with the development of cloud seeding programs.	\$350,000
Colorado Mesonet Project - to support the project at the Colorado Climate Center at Colorado State University.	\$150,000
Acquisition of LIDAR data - to acquire light detection and ranging data to develop accurate flood hazard, debris flow, and fluvial hazard mapping.	\$200,000
Arkansas River Decision Support System - to continue implementation of the Arkansas River Decision Support System, as identified in the feasibility study completed in December 2011.	\$500,000
Colorado Decision Support System operations and maintenance - to continue to operate and maintain the Colorado Decision Support System, which provides data and analytical tools to assist with water resources planning.	\$500,000
Water forecasting partnership project - to support the development of new sensing data, equipment, and modeling in order to better estimate volumetric water supply.	\$350,000
Water Loss Control Initiative - to conduct training workshops on water loss control methodology, and to provide technical assistance on water system management.	\$1,000,000
Continuation of Watershed Restoration Program - for various projects to support watershed health and goals outlined in the state water plan.	\$4,000,000
Alternative Agricultural Transfer Methods Grant Program - to support various transfer methods as alternatives to permanent dry-up of agricultural lands.	\$750,000
Continuation of state water plan - to fund grants, studies, programs, or projects that assist in implementing the state water plan.	\$7,500,000
Frying Pan-Arkansas grants - to provide cost-share funding for the Frying Pan-Arkansas project, which helps provide drinking water to six counties.	\$10,000,000
Total	\$26,180,000

Local Government

The majority of the funding provided by this bill will benefit local water districts or water providers.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2019-20, the bill reduces General Fund appropriations in the Department of Natural Resources by \$866,742.

For FY 2020-21, the bill includes net appropriations of \$26,030,000 from the CWCB Construction Fund to the Department of Natural Resources.

State and Local Government Contacts

Natural Resources